

# **Executive Summary:**

## **Top Three Search Marketing Trends to Watch in 2006**

Excerpted from:

["Search Marketing Benchmark Guide 2005-2006  
SEO & PPC Tactics & Results Data"](#)

## Introduction

Welcome to the 2nd annual edition of MarketingSherpa's [Search Marketing Benchmark Guide](#).

Our research team has completely re-researched and updated every single chart and data point. (In fact, out of more than 210 charts and tables, fewer than five classics are lifted directly from the previous edition.) They've also added more than 125 additional pages of all-new content and data, and put much of the latest data in context showing year over year trends.

How is this Guide different from other information sources about search engine marketing?

Business-to-business marketers, affiliate marketers, and online PR practitioners all get loads of charts devoted to their unique needs. eCommerce site marketers will also be delighted to find unusually granular data by engine and offer price point. Last but not least, search engine optimization (SEO) data is included in addition to a wealth of PPC numbers.

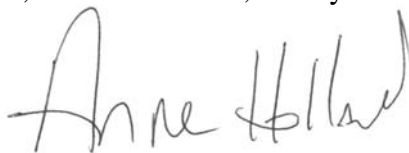
The key is we wanted to bring you *all* the data you might find of practical value in one place. So in essence, the Guide is a "one stop shop." We didn't limit the sources to just our own lab research or just collected third-party data. You'll find:

- Eyetracking lab research showing how typical searchers' eyes scan search results for six top search and shopping engines.
- Real-life campaign and budget data from thousands of marketers surveyed and interviewed by our research staff.
- Slices of data from search agency and analytics vendors' own private databases (much previously unpublished anywhere and exclusive to MarketingSherpa).
- "Best-of" data collected from other published sources — we read and analyze dozens of reports so you don't have to.

Our goal is simple — to make your job easier in three ways:

- #1. Give you the power to set a budget that makes sense for your search marketing (both PPC and SEO), and the tools you may need to help get your budget approved by your CEO.
- #2. Provide you with benchmark comparisons for budgeting, click costs, click rates, and conversion results. Referencing your peers' and competitors' search activities is much easier than flying blind!
- #3. Inspire you to continue improving your campaign measurement tactics for both SEO and PPC. Whether you lack good in-house reports now, or you haven't made the time to examine the reports you do have, you'll discover what numbers to look for and where to get them.

I'd like to thank the search marketing community — agencies, analytics firms, and marketers in the trenches — for your continued support in creating this Benchmark Guide. With more than 5,000 data sources, it truly is a community effort.



Anne Holland, President  
MarketingSherpa

## Executive Summary: Top Three Search Marketing Trends to Watch in 2006

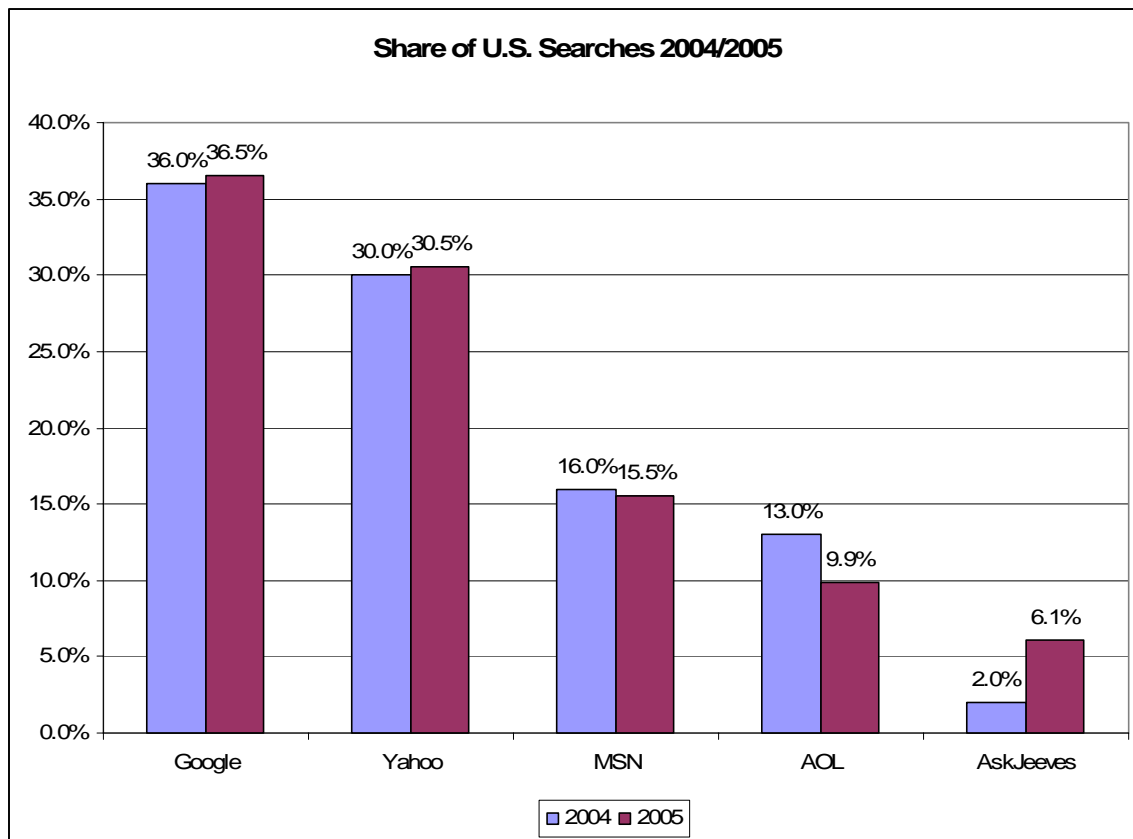
Among the many trends we noticed across the 210 tables and charts in this year's [Search Marketing Benchmark Guide](#), these three were the most interesting:

### Trend #1. Search Engines as TV Networks Jockeying for Audience

Using search engines is the third most popular activity online, just behind using email and surfing. However, despite the fact that more than 127 million Americans routinely use search engines, the overwhelming majority of search activity occurs on just a handful of search engines.

The situation reminds us of the national TV audience in the 1970s, when only three networks ruled the nation's eyeballs.

Billions of dollars are at stake in the search engine wars, just as they were in the TV network wars. In the past year, the major search engines have concentrated more on tweaking algorithms and launching new services for marketers than they have on competition between each other. We predict this situation will change as the marketplace matures.



Source: comScore qSearch, July 2004 & July 2005

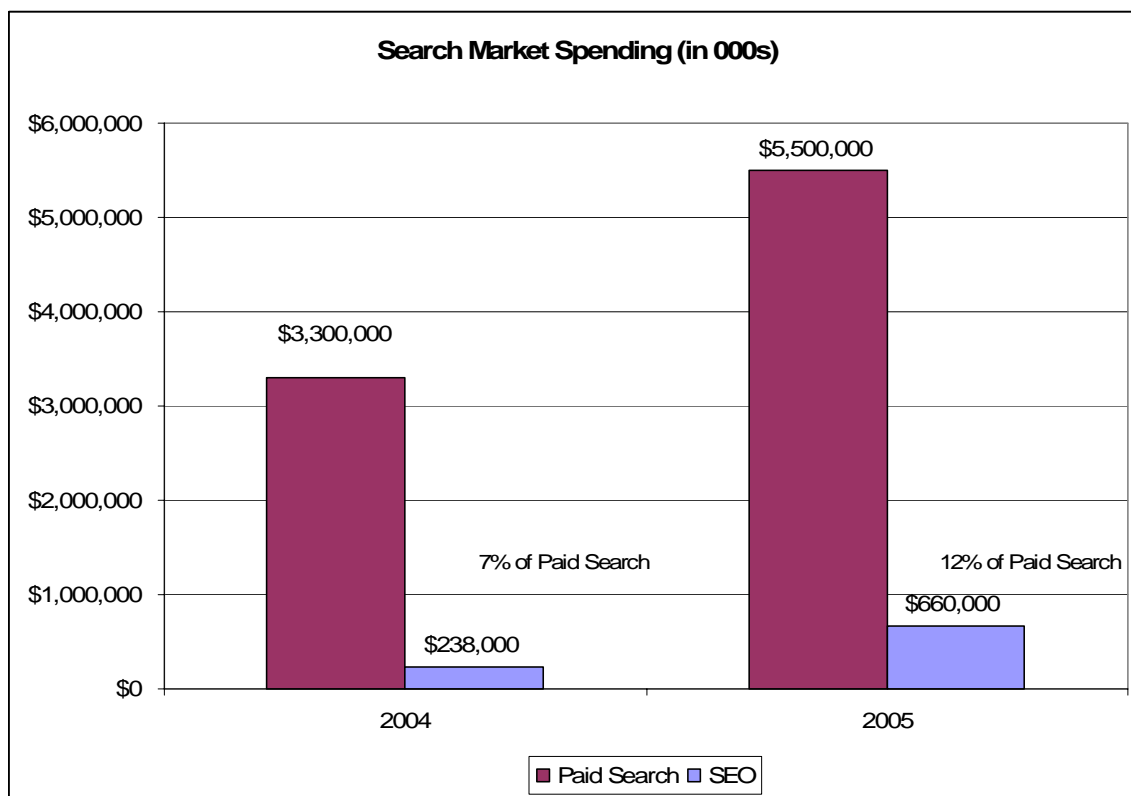
Several additional factors are worth noting:

- MSN Search spent the past 12 months building infrastructure for its highly anticipated October 2005 PPC services launch. Now that the site will sell PPC direct, each sale will be much more profitable. And Microsoft CEO Steve Ballmer is known to be extremely bullish on the idea of taking on Google as a very active competitor. So, we expect the past year's relatively stable numbers between the big three (Google, Yahoo!, and MSN) to change in the upcoming tussle.

- Google's dominance is not global. As we go to press, Beijing-based China Internet Network Information Center announced survey results showing that Google is losing Chinese market share to a homegrown rival, Baidu. Baidu now has 52% of the market, while Google has 33%. In addition, the French government has announced financial backing for a new European search engine, Quaero, which they hope will beat U.S.-backed engines.
- Just like TV audiences, although search engine users have their favorite 'stations' they are not super-glued to them. Users can and do switch search engines as they browse the Internet, especially as they get closer to making a purchase decision or if they are seeking specific education. If your ad is running on only one engine, you'll miss out.

## Trend #2. SEO Still a Tiny Portion of Total Search Marketing Spend

We're simultaneously delighted and appalled by the year over year data on search marketing spending.



Source: MarketingSherpa, Search Marketing Benchmark Survey, August 2005 & Merrill Lynch, Internet Advertising Report, June 2005

The one, undeniable truth of search marketing is that across all major engines organic results (those that show up in natural "free" listings) are better noticed, read, and clicked on than the paid listings. The search world has known this for more than five years.

Plus, organic clicks generally convert as well or even better than paid clicks. According to 3,217 marketers surveyed by MarketingSherpa in August 2005, this year's average organic clicks converted at 4.2% compared to 3.6% for paid clicks. (A conversion can be any defined, measurable action you want visitors to take.)

Therefore we are delighted that more marketers are devoting a larger part of their search budget to the art of search engine optimization (SEO) to get better organic listings.

On the other hand, we are appalled at the continuing disconnect between paid search spending and SEO investment.

The disregard of SEO in popular marketing is so thorough that a study released May 2005 revealed only 13 of the Fortune 100 had "effective SEO." Plus, in our continuing interviews with marketers, we've discovered many misusing the term "Search Engine Marketing" (SEM). Instead of serving as an umbrella term for all types of search engine marketing (SEO, PPC, and paid inclusion) most marketers we speak with use it to mean PPC-only.

Why don't more marketers invest in SEO? This year we asked them directly. The biggest reason chosen: 28% said "Don't understand SEO, overall complexity."

It's true; buying a paid search ad seems on the surface to be far easier than optimizing a site for search engine crawlers. Makes sense; the engines' profits rely on this. However, as PPC costs continue to rise due to increased competition, successful PPC is quickly becoming as arcane an art and science as SEO is considered to be.

Search marketing in either form is not easy. But, it sure can be profitable.

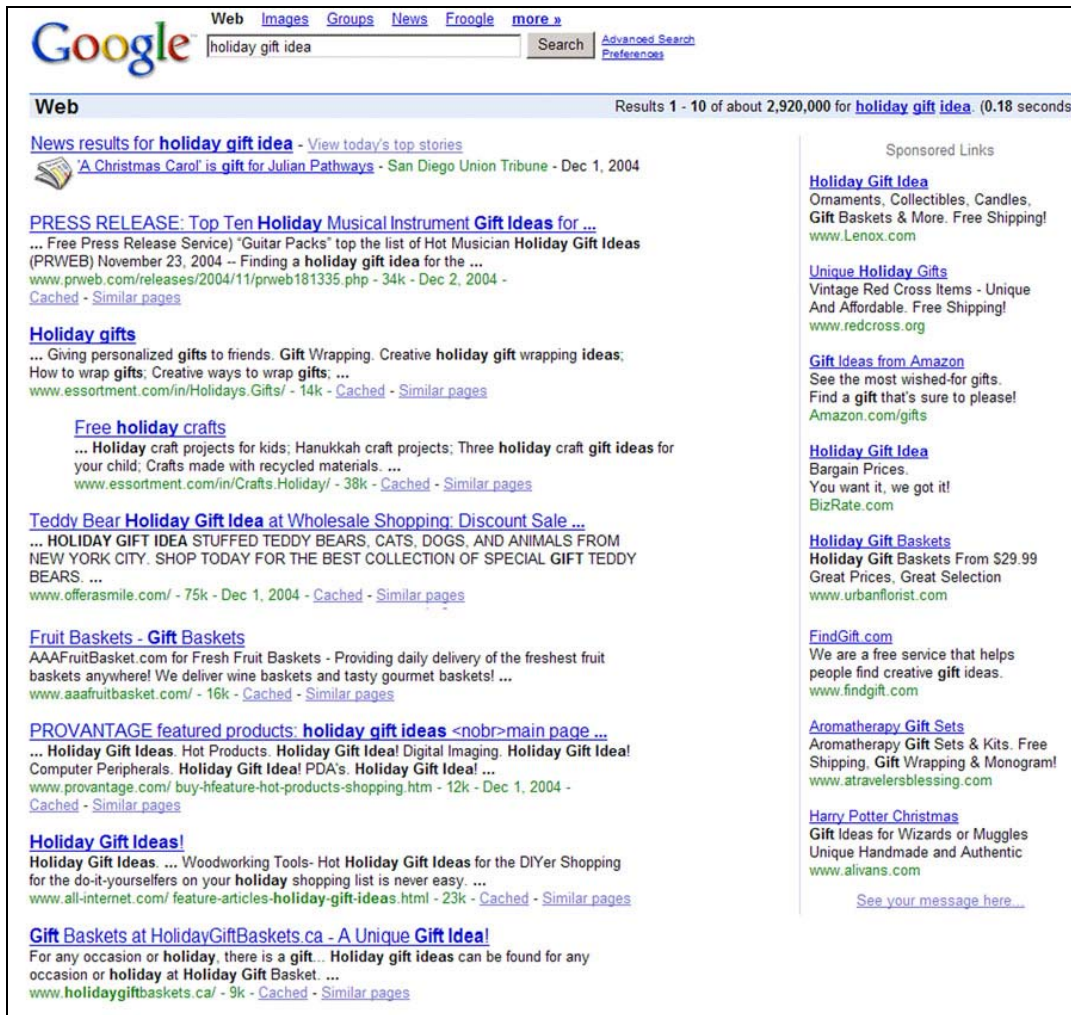
### **Trend #3. Search Marketing — A New Application for Press Releases**

Now that the public can read press releases directly on various Internet news portals, such as MSN news and Yahoo News, reporters' interest in press releases has plummeted.

In the words of CMP Media's Editorial Director, Bob Evans, "If everyone's got it on Google News, what's the point? I may use a phone number or a stat for a bigger story, but press releases are not the response devices they used to be."

As marketers and PR pros skilled in SEO have discovered in the past year, although releases may not be response devices for reporters, they make great response devices for the search-using public. For example, marketers for Southwest Airlines used four press releases deliberately written with search engine optimization and consumer response in mind, to sell \$1.5 million in tickets in 90 days. Every ticket sale was directly traceable to links in the releases.

SEO firms, PR firms and marketers themselves have begun to seize on this low-cost tactic in droves. Affiliate marketers, who were among the first to aggressively use SEO in general, are also testing optimized press releases. Here's an example of an affiliate's \$80 release that won high ranks in both Yahoo News and Google News for the term 'Holiday Gift Idea' during December 2004 when competing ecommerce site marketers were spending millions on PPC campaigns to the same audience (see page 6 for Google screenshot).



Source: Shawn Collins Consulting, December 2004

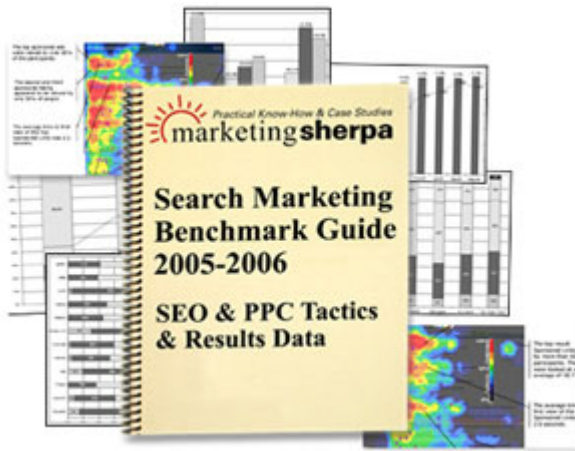
Aside from the affiliate community, the marketers most eagerly rushing into SEO press releases are in some of the most competitive PPC markets. We asked PR Newswire to research the following data for this Guide:

- Computer & electronics, 18.22% of their releases are optimized
- Banking & finance, 12.92% of their releases are optimized
- Health & pharmaceuticals, 11.66% of their releases are optimized

On the other hand, although entertainment industry releases predictably get the highest views and clickthroughs of any category, only 6.84% are optimized. We can only imagine the results that will flood in when Hollywood finally gets optimized PR religion!

In the meantime, look for this trend to continue in the next year. And, perhaps look for the search engines with news offerings to start new paid press release offerings to cash in on the rush of marketers in the trend. Nothing this good stays both easy and cheap for very long.

To recap: top search engines dominance, underspending on SEO, and search engine optimized PR releases are the three top trends we've identified in search marketing for 2006. Of course, there are other trends you should be aware of: business-to-business search marketing trends, keyword buying and price resistance, and the growth of local search marketing, just to name a few. All of these areas and more are covered in [Search Marketing Benchmark Guide 2005-2006](#).



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